

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 19, 2007

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Discussion and possible action on Audit of City Cell Phone Charges (2005-0607-10)

Fiscal Impact

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No Impact

☐

Augmentation Required

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Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

To review the audit report Audit of City Cell Phone Charges (2005-0607-10).

This audit was part of the authorized Audit Plan FY 2006-2007.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Audit of City Cell Phone Charges (2005-0607-10)
2. Submitted after meeting – Six PowerPoint Presentation Slides

Motion made by JOSE TRONCOSO to Approve the report on Audit of City Cell Phone Charges (2005-0607-10) with direction to audit staff to work with the IT Department in analyzing the number of cell phones showing no usage during the test period and report findings back to the committee

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2

JOSE TRONCOSO, LARRY BROWN, MICHAEL W. KERN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-PAUL WORKMAN, STEVE WOLFSON)

Minutes:

City Auditor Phillip Marmurowski briefed the committee in detail while referencing a PowerPoint presentation, a copy of which has been made a part of the final minutes. The audit was extensive and included data mining on all two-million phone records covering the two-year audit period. The audit revealed the need for greater accountability of cell phone usage within the City. Quarterly reviews will take place and management will monitor the distribution of phones in pooled plans for cost effectiveness and perform a validation review for use, assignment and need.

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Chairman Kern questioned the definition of an internet data communication call and whether those types of calls incur additional charges. Mr. Marmurowski explained they could be Blackberry calls, or use of a wireless card for laptop internet connection. Mike Hougen, Manager, Information Technology, stated the plans the City subscribes to have unlimited usage plans for data and air cards. There are no additional costs for data transmission. The equipment is assigned to people with a specific number. Employees are granted access and approval for devices such as Blackberry's at department level. Mr. Hougen clarified for the committee that air cards are typically assigned to people in field or who travel out of town.

Chairman Kern was not shocked that some employees do have needs for high usage; however, he felt it was important for management to be aware of usages. He was surprised the audit did not include tracing high usages back to individuals for justification.

Mr. Snelding explained the audit was implemented with a multi step approach. First, audit staff looked at controls and researched what was available. Second, City Management and the IT Department have stepped up in identifying what meets the thresholds. Finally, audit staff will look for individuals with high usages and validate that usage. Departments will be notified of possible red flag usage so they may follow up with that employee.

Vice-Chairman Brown confirmed with Mr. Marmurowski that every call made over the two-years audit period was analyzed. The Vice-Chair was surprised with cost of the calls, which was \$625,000 annually. He thought it would be higher and verified that was the total cost for cell phone service, purchases, maintenance etc. Mr. Hougen confirmed it was a total cost number and indicated the City would be able to save some money through the consolidation of vendors.

Mr. Hougen continued by explaining the City uses three carriers. The two primary carriers are Verizon and Sprint-Nextel. The City utilized the push to talk technology to consolidate radios and cell phones to one unit.

Vice-Chairman Brown questioned why some cell phone units showed no usage whatsoever. Mr. Marmurowski said some units are spare phones for departments such as Fire & Rescue who have employees who could not wait for replacements. He noted there could be other reasons phones might not be used all the time. Mr. Hougen concurred citing push to talk phones as an example. That particular type of phone would only register usage for phone calls, not radio usage.

The Vice-Chair asked if the Audit staff could run a couple more samples of test months. Mr. Hougen said that prior to October of 2007, the City will have better reporting mechanisms in place. Mr. Marmurowski assured the Vice-Chair it could be done.

Vice-Chairman Brown found the report to be very enlightening. He asked Deputy City Manager to speak with City Manager Selby about considering having each department review or reevaluate their employees had or needed cell phones or Blackberries. He suggested that perhaps it should be done annually.

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Chairman Kern asked that the report Vice-Chairman Brown requested include information such as radio only units versus phone and radio units. He also asked that the units assigned to Fire & Rescue be identified. The Chairman thought doing so might raise awareness. Mr. Hougen said that could be done and added that he intends to follow through with having departments justify employees who are issued phones.

Mr. Snelding asked for clarification on the additional requested samples. Vice-Chairman Brown indicated that after the discussion, his main concern was the high number of phones showing no usage during the test period. He asked the audit staff to work with Mr. Hougen to review the situation and report back during the general report at one of the next couple of audit meetings. It did not require anything formal.